

Joint Capital Planning Committee (JCPC) Minutes March 19, 2015

Members present: Steve Braun, Tamson Ely, Rick Hood, Jonathan McCabe, Doug Slaughter, Connie Kruger, Jim Wald.

Others present: Sandy Pooler, Finance Director; Claire McGinnis, Treasurer/Collector; Sonia Aldrich, Comptroller.

The meeting was called to order at 9:34 a.m.

Approval of Minutes

A motion was made by Steve Braun and seconded by Rick Hood to approve the minutes of Feb. 12, 2015, and approved 7 in favor, 0 opposed with 1 member absent.

A motion was made by Tamson Ely and seconded by Steve Braun to approve the minutes of March 5, 2015, and approved 7 in favor, 0 opposed with 1 member absent.

The minutes from this meeting, March 19, will be sent to Doug Slaughter for distribution to the committee and will be brought to a fall 2015 meeting of the JCPC for approval.

Discussion

Sandy Pooler explained that he made some minor adjustments to bring the FY16 capital budget in to balance. In doing so he "emptied the coffers" of reallocated funds from prior years which totaled \$145,000. He has put \$25,000 in the capital budget for the anticipated fall expenditure for an electronic voting system for Town Meeting.

The following were changes made from the draft budget reviewed at the previous meeting to bring the FY16 capital budget:

- Equipment/IT Department - the core switch and the building switch replacement will be completed using other funds (lines 7 & 8)
- Equipment/Conservation- the tractor was changed to a 3 year lease to own from a purchase reducing the FY16 cost to \$17,334 (line 91)
- Equipment/Building Maintenance - \$5,000 restored for furniture (line 108)
- Municipal Buildings/ Munson Library - \$35,000 restored for Access Control (line 173)
- Municipal Buildings/Crocker Farm - \$25,000 restored for the regarding and site improvements for the pre-school playground at Crocker Farm Elementary (line 245)
- Municipal Facilities/Downtown Improvement the Downtown Wayfinding Sign System - restored to \$10,000 (line 270)
- Municipal Facilities/No. Amherst Center Studies & Improvements - restored to \$10,000 (line 282)

Doug Slaughter asked about the roof for the storage barn at Fort River School. Sandy Pooler explained that the \$70,000 needed would be repaired using appropriated unspent bond funds from the Wildwood boiler. He explained that unspent bond funds sit in a special account and are under more restrictive rules and the barn roof is eligible because it could qualify as a bondable project.

Stephen Braun asked how the Town decides what to fund by borrowing?

Sandy Pooler said that the Town's finance policies provide this guidance and that there is a section on capital and one on borrowing. State law also governs when we can borrow and

the payments include the same amount of principle each year so the outstanding debt comes down fairly quickly. The term of the borrowing must match the useful life of the item. He added that it's generally the policy to borrow a minimum of \$125,000 and it's always recommended to use cash when possible, in part to uphold the idea of "generational equity" whereby those receiving the benefit are the ones paying for it. He pointed out that the last page of the JCPC report shows anticipated borrowing using estimates for term, interest rate and project cost. Projected borrowing for FY18 is shown for Fort River School, Police station, DPW, Fire Pumper, Sidewalk, and Library HVAC. The South Fire Station is not included because it is assumed to be paid for from a debt exclusion override. The borrowing for the Wildwood Study is already authorized but Sean Mangano's cash flow projections may mean we do not need to borrow this year, which gives us some flexibility.

Doug Slaughter pointed out that there are 10 capital projects originally proposed for FY16 that we are not able to fund within our current available capital budget. He asked the members to take a few minutes to rate their own priorities for these projects and then he would create a list of priorities for funding in FY16 should additional funds be available through project cost savings.

Sandy Pooler explained that if we don't spend the full FY16 capital funding it does not carry forward to next year but goes to free cash. Voting to spend the full 7.5% of the FY16 town budget on capital expenditures takes some pressure off what will need to be funded in FY17.

A priority project list for capital projects not included in the FY16 budget was created from polling the members. These four projects total \$120,000 and include:

- School Handicap Van (line 125) \$50,000
- Bangs Center Window Repair (line 155) \$20,000
- Police Station Interior Maintenance (line 294) \$10,000
- Boltwood Walk Walkway Replacement (line 284) \$40,000

Tamson Ely left the meeting at 10:33 a.m. but stated that she voted for "the plan".

Steve Braun moved to approve the JCPC Plan dated March 19 and Jim Wald seconded. The motion was passed by unanimous vote.

Steve Braun left the meeting at 10:35 a.m.

Rick Hood asked if Town Meeting needed to approve additional items to the capital budget? Sandy Pooler responded that if we don't currently know the exact amount of funds available for additional projects we can wait for fall town meeting. He wants to check with the Town Manager about how we need to structure the vote at the Annual Town Meeting. He reminded JCPC that its budget is a recommendation to the Town Manager who then needs to manage how unspent funds are used.

Rick Hood moved that the list of auxiliary projects become part two of the JCPC Budget Plan and Jonathan McCabe seconded with the 5 voting in favor and two absent.

Taken up as an agenda item under "Items not anticipated within 48 hours", Sandy Pooler presented an interactive spreadsheet he had just completed that shows projected annual debt payments for the 4 future facility capital projects; Wildwood School, Fire Station, DPW and Library. The spreadsheet uses a number of 'what ifs' for term, cost and year started, and the spreadsheet allows the user to continually change the assumptions, as new information is

available. Mr. Pooler was quite proud of creating this financial modeling tool in response to a number of requests from JCPC to begin to project future budgetary impacts of these large capital projects.

Doug Slaughter said he would introduce some of this financial planning information as part of his JCPC presentation to Town Meeting.

Jim Wald moved to adjourn, Rick Hood seconded the motion and the meeting was adjourned at 11 a.m.

Documents Used at the Meeting:

JCPC General Fund Five Year Capital Plan, FY2016-2020, Draft 3/19/15

JCPC draft minutes Feb. 12 and March 5, 2015